

Message Text

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ACTION EB-11

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FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 3667

INFO AMEMBASSY BEIRUT

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E.O. 11652: N/A

TAGS: ETRN, GR

SUBJECT: CIVAIR - ONASSIS SEEKS CONCESSIONS IN RETURN FOR
CONTINUED OPERATION OLYMPIC AIRWAYS

REF: ATHENS 391 AND 2730

BEIRUT FOR RCAA

OLYMPIC AIRLINES OWNER ARISTOTLE ONASSIS ARRIVED ATHENS JUNE 5
TO DISCUSS WITH GOG NEW TERMS FOR HIS CONTINUED OPERATION OF
GREEK FLAG CARRIER. FURTHER FACTUAL INFORMATION OBSCURED BY
CONFLICTING PRESS REPORTS, PROLIFERATION OF RUMORS, AND UNWILL-
INGNESS OR INABILITY (PROBABLY BOTH) OF OLYPMIC OFFICIALS
DISCUSS MATTER. FOLLOWING IS PROFILE OF DEVELOPMENTS AS THEY
APPEAR TO EMBASSY:

1) INITIAL ESTIMATES OF OLYMPIC OPERATING LOSS OF \$40 MILLION
IN CY 1974 DUE INCREASING FUEL COSTS (ATHENS 391) NOW ESTIMATED
AT \$20.5 MILLION IF APPROPRIATE STEPS TAKEN. (RESCHEDULING, ETC.).
THIS LOWER FIGURE IS STILL SERIOUS BURDEN, WHICH, TOGETHER WITH
INCREASING LABOR DIFFICULTIES, IMPELLED ONASSIS REQUEST
ASSISTANCE FROM GOG. (OLYMPIC OFFICIAL TERMED IT "ULTIMATUM"
IN CONVERSATION WITH EMBOFF).

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2. EMBASSY UNABLE CONFIRM SPECIFIC ONASSIS DEMANDS, BUT ACCORDING PRESS REPORTS THEY INCLUDE:

A) TAX-FREE (TRANSIT) PRICE FOR AVIATION FUEL TANKED IN GREECE; (EMBASSY HAS INFORMATION CERTAIN FOREIGN CHARTERS RECEIVING TAX-FREE FUEL IN ORDER MAINTAIN FLOW OF TOURISTS TO GREECE).

B) GOG WOULD PAY DIRECT SUBSIDY TO OFFSET OLYMPIC LOSSES (FIGURES CITED VARY FROM \$3.3 TO \$50 MILLION).

C) NEW \$10 MILLION CONCESSIONAL RATE LOAN AND EXTENSION OF PREVIOUS LOAN (ATHENS 2730).

3. GOG POSITION, ALLEGEDLY, IS THAT OLYMPIC MUST:

A) CUT ADVERTISING BUDGET

B) CUT SALARIES OF SENIOR EXECUTIVES

C) LAY OFF MORE EMPLOYEES

4. ONASSIS REPORTEDLY IN ATHENS AT DEMAND OF GOG, WHICH REFUSED DISCUSS SITUATION WITH ANYONE ELSE. (IT ALSO RUMORED THAT ONASSIS ONLY AGREED COME AFTER ASSURANCE HE WOULD MEET PRIME MINISTER ANDROUTSOPOULOS). ON JUNE 5 ONASSIS HAD TWO HOUR SESSION WITH ALTERNATE MINISTER OF COORDINATION E. BALOPOULOS. TALKS CONTINUE IN PROGRESS; OTHER PARTICIPANTS REPORTEDLY INCLUDE MINISTER OF TRANSPORT TZAVELLAS AND CAA CHIEF LAITMER. COMMENT: INITIAL PRESS REPORTS OF CONFRONTATION AND CONFLICTING DEMANDS HAVE GIVEN WAY TO STATEMENTS OF UNDERSTANDING AND ACCOMODATION. OLYMPIC DEMANDS DO NOT APPEAR GREATLY OUT OF LINE WITH TYPES OF ASSISTANCE BEING REQUESTED BY OTHER FLAG CARRIERS FACED WITH THESE DIFFICULTIES. AT THIS STAGE, COMPROMISE APPEARS LIKELY.
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